

Testimony of

Commissioner of Agriculture John R. Stulp

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Chairman Harkin and Senator Salazar:

It is an honor and pleasure to be here today. My name is John R. Stulp, and I grow wheat and run cattle on my farm and ranch in southeast Colorado. I am honored to also serve Governor Bill Ritter, Jr. as his commissioner of agriculture.

Colorado agriculture is diverse and produces an abundance of cattle, corn, wheat, fruit, carrots, spinach, sugar beets, dry beans, sweet corn, broccoli, turkeys, sunflowers, buffalo, millet, alfalfa, onions, potatoes, eggs, milk, lamb, elk, wool and many other crops and livestock. Combined, Colorado's farmers and ranchers produce over \$5 billion in farm gate sales in a combined agricultural economic sector that creates 105,000 Colorado jobs in a \$16 billion segment of our economy.

I know you have a big job ahead of you as you attempt to craft farm legislation that must meet the needs of US agriculture. This bill must protect our nation's natural resources, feed the disadvantaged, support commodity prices, manage financial risk, fill gaps in the agricultural credit system, create rural economic opportunity, fund research, and stimulate foreign trade. And you must accomplish these goals all the while remaining WTO compliant and within a tight budget. I would like to offer some suggestions for your consideration that will help address some shortcomings of the current farm bill.

We need a disaster title.

Let me begin by addressing disaster assistance. I have some recent, personal knowledge of what it's like to live through extreme weather events. The blizzards that struck Colorado in December of 2006 caused enormous economic damage to Colorado's livestock industry.

Most notably, the blizzard that hit southeastern Colorado on December 28-30 buried several counties under four feet of snow with drifts as high as rooftops. Livestock were stranded and went unfed for as much as two weeks. The grass that those cattle were supposed to live on through the winter remains under snow. Cattlemen in a ten-county area have fed all their hay reserves and are now reeling from economic pressures.

These blizzards came on the heels of six years of drought. Many ranchers and farmers are facing economic ruin, and despite the best efforts of Senator Salazar and others of our Congressional delegation, we cannot find a disaster relief program to help them that is on the books and funded. A livestock disaster cannot be evaluated using a crop loss formula. We cannot even qualify for a secretarial disaster designation until we lose thirty percent of our cattle or calf crop in order to qualify for low-interest loans to buy hay or pay fuel bills. This situation is shameful. The current system heaps even more misery on producers who do qualify by

offering only low interest loans and only to those who have no option other than bankruptcy.

I applaud efforts to create a disaster title within the farm bill that will eliminate delays associated with appropriating funds, developing ad hoc USDA guidelines, and then finally having to train state and county FSA staff to implement the program. All these steps could be avoided thus speeding the process of making funds available to people who need it so badly.

A standing disaster title would eliminate or dramatically reduce obstacles to providing timely relief following disasters. Producers would know quickly what types of assistance are available and how much aid they might receive.

Risk management tools must be improved.

The current tools offered by Risk Management do not meet the needs of our crop and livestock producers. Existing crop insurance options inhibit the ability of producers to adopt newer, proven cropping systems. One such cropping system is called skip-row planting. Skip-row planting reduces plants per acre but in many circumstances can increase yields per acre through improved water management. However, Risk Management will not insure to historic yields claiming that only half or two-thirds of the field was actually planted. The agency needs to be more responsive to innovation.

The bill must address the needs of specialty crop producers.

Colorado raises many specialty crops, including onions, carrots, potatoes, dry beans, apples, pears, peaches, apricots, melons and many others. Greater emphasis needs to be placed on the research and marketing needs of these growers. Specifically, USDA can aid these growers by investing in crop protection research and by including more fruit and vegetables in nutrition programs.

The Colorado Department of Agriculture has developed a consumer awareness program called Colorado Proud. It is intended to help specialty crop producers get their products in front of consumers who, surveys have shown, would prefer to purchase locally grown produce when possible. These innovative marketing efforts take money, and USDA could assist state marketing agencies by providing financial and technical expertise. I also suggest Congress consider block grants to states to enable them to develop research and marketing programs unique to their individual needs.

Colorado is a leader in organic food production. Organic producers would benefit from increased research into crop protection techniques that comply with the National Organic Program.

Renewable energy is a crop, too.

We are witnessing the beginning of a new future for energy in America. Agriculture in America is now about food, feed, fiber and fuel. The current focus on expanding ethanol production from corn is creating a very strong corn market. Considering how fast costs of production have been going up as a result of high energy prices, this corn market is very welcome.

Colorado livestock producers have been hit with high energy prices at the fuel pump and at the

feed bunk. Congress must help livestock producers work towards greater foreign market access for US livestock products in order for them to receive prices that reflect their increased costs of production.

I support the Administration's proposal to expand research at our land grant universities for cellulosic ethanol production, and I also support the continuation of the Section 9006 grants, particularly for small and community scale renewable energy production. These facilities have enormous potential for rural communities in creating jobs and economic diversity for rural economies.

As Senator Salazar is most certainly aware, portions of Colorado's high country are experiencing widespread timber die-off due to a massive growth in the population of pine bark beetles. Enormous amounts of dead trees spell potential disaster when fire season begins. These trees could be a biomass source, especially when cellulosic ethanol becomes practical. An effective energy title will include incentives for forest management, including fuels reduction for alternative energy production. I suggest the committee work with the Administration to encourage forest management innovation and assure sufficient funding for the National Renewable Energy Laboratory here in Colorado to make the promise of cellulosic ethanol closer to reality.

Colorado has three commercial-scale wind farms currently with expansions and new wind farms nearing development. I would suggest the committee consider standardizing the regulations governing Conservation Reserve Program acres when those acres are involved in wind farm construction.

While we are on the topic of wind energy, extension of the federal production tax credits are critical to the continued wind energy development in the High Plains.

Develop the next generation of farmers.

Colorado has a state-wide program to encourage those entering agriculture by offering lower-interest loans, but the program alone will not fill the need. The farm bill should continue offering beginning and disadvantaged farm loans. The Administration's proposal would increase farm ownership and operating loan limits to a combined level of \$500,000. That is a realistic step and I urge you to consider incorporating it into your Farm Bill package.

Keep the commodity support title essentially intact.

The 2002 Farm Bill has worked relatively well, and I urge you to keep the commodity support programs essentially intact. Even though current commodity prices are better, the next farm bill should have an adequate safety net for producers when the next downturn in prices occurs. An adequate safety net can only be possible if the baseline funding for this farm bill is set at the 2002 farm bill level.

I support better targeting of the commodity program benefits, but targeting efforts should accommodate commodity price spikes without eliminating eligibility from what might be short-term market conditions.

The Administration has suggested expanding planting flexibility on program acres to achieve WTO compliance. While this suggestion would not have dramatic effects on planting decisions

in Colorado, such a provision could have enormous financial implications on Colorado's specialty crop producers if large amounts of base acres across the nation are planted to non-program crops. I urge the committee to move cautiously in this regard.

The Administration has suggested retiring acreage base when all or a portion of cropland is sold for development. This suggestion has merit but could have unintended consequences, particularly when only a small portion of some cropland has been developed to help pay inheritance taxes or college tuition. When Congress considers eliminating base acres resulting from partial development or 1031 exchanges, please keep in mind what impacts such changes would have on the next generation of producers.

Conservation programs should be the centerpiece of the Farm Bill.

To the general taxpaying public, conservation programs are one of the most popular aspects of a farm bill. It is an opportunity for the public to recognize tangible benefits in return for tax dollars. We risk losing public support for farm programs if Congress does not adequately fund conservation.

The demand for conservation assistance far exceeds current funding levels. The principal need is to at least maintain existing levels of technical assistance and to increase efficiencies that free those technicians to spend more time in the field. We support the continued flexibility afforded by the use of technical service providers, and the Colorado Department of Agriculture wishes to continue partnering with NRCS to assist landowners in implementing conservation programs.

EQIP remains the cornerstone of the natural resource protection program. The system has the ability to recognize local priorities, and in Colorado, NRCS has made substantial EQIP funds available for invasive species control utilizing a state system that categorizes noxious weeds into three categories, depending on the extent to which the species has gained a foothold in the state. Our highest priority is to target those weeds that can be eradicated by controlling small populations before they become well established. EQIP funding makes it possible to effectively deal with emerging weed pest species. Yet the farm bill could more clearly identify invasive species management as an appropriate focus area for local and state action. While Colorado NRCS has made great strides in utilizing the 2002 Farm Bill to address invasive species, many states have not and should be encouraged to do so

Landowners in several Colorado watersheds are eligible for participation in the Conservation Security Program, but the demand in non-eligible watersheds is very high. CSP is not without problems, particularly the application process. Adequate funding of CSP will make the program an effective tool for conservation and can help address the WTO compliance issues associated with commodity programs. CSP was established as an uncapped program, and it ought to be funded as such. In CSP's current funding state, some local NRCS personnel have questioned whether the benefits of applying are worth the considerable effort involved. The criteria for CSP compliance do not fit Colorado agriculture.

The Conservation Reserve Program has been very effective in controlling wind erosion throughout Colorado, and particularly in eastern Colorado where remnants of the Dust Bowl and the drought of the 1950's can still be seen. This current six-year drought has not produced

the blowing dust one would expect. These positive results are attributable to CRP almost exclusively. Colorado has nearly 2.5 million acres under CRP contracts, and I urge you to continue funding the program.

The Grassland Reserve Program, Wetlands Reserve Program, and Farm and Ranchland Protection Program have been utilized in Colorado and provide incentives for landowners to remain in agriculture and resist development pressures.

Today's research is agriculture's future.

America's land grant institutions have a remarkable track record of achievement in agricultural productivity, but this effort must not diminish over time. In Colorado, we will rely on research at Colorado State University to help this state accommodate increasing demand for scarce water resources. Improvements in irrigation efficiency, drought tolerant crops, improved crop nutrient management, and livestock waste management are just a few of the critical areas of research currently underway at CSU.

I urge the committee to carefully consider the respective roles that formula and competitive funding programs play in the overall research needs of agriculture. These research functions should be carefully balanced and well funded if agriculture is to meet the nutritional and environmental demands society has come to expect.

The research conducted at the Central Great Plains Research Station is critical to the future of agriculture in eastern Colorado. However, funding for dryland cropping systems conducted at the CGPRS has not kept pace with the needs identified by the Center's advisory group. I urge the committee to increase the station's funding base to put it on par with other research facilities around the nation.

International markets are important to Colorado agriculture.

Colorado food and agricultural products were exported to 106 countries in 2006. Beef, livestock and meat products top the list of exports by value followed by wheat, coarse grains, fruits and vegetables and other agricultural goods. The projected 2007 value of agricultural international exports from Colorado exceeds one billion dollars.

I urge the committee to maintain or increase funding levels for the Foreign Market Development cooperator program and the Market Access Program. These programs are instrumental in developing export markets for Colorado food and agricultural products. Colorado utilizes these programs in conjunction with the US Wheat Associates, the US Meat Export Federation, the US Grains Council, the Western US Agricultural Trade Association, the US Potato Board and other export organizations.

In conclusion.

Mr. Chairman and Senator Salazar, I very much appreciate this opportunity to discuss farm policy with you here in one of the most productive agricultural regions in the country.

Farmers and ranchers throughout the nation face many challenges, but I am optimistic that with a farm bill that is sufficiently funded, adequately flexible and which utilizes renewable resources, Colorado agriculture will remain viable for the coming generations of farmers and

ranchers.